



Lewis Coleman
President

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November 26, 2002

Via Hand Delivery

Patrick Brown, Ph.D., M.D.
Howard Hughes Medical Institute and Department of Biochemistry
c/o Stanford University School of Medicine
300 Pasteur Drive
Stanford, CA 94305-5428

Re: Grant Agreement for Public Library of Science

Dear Dr. Brown:

On behalf of the Gordon and Betty Moore Foundation (the "Foundation"), it is a pleasure to inform you that the Public Library of Science ("PLOS") has been awarded a grant in the amount of \$9,000,000 (Nine Million Dollars) to support PLOS's development of an open-access, web-based research publication system for scientific and medical research.

This grant is to be used as described in your September 3, 2002 Business Plan (the "Plan"), and your September 3, 2002 budget (the "Budget" attached as Attachment A), to achieve the outcomes and indicators of success described in Attachment B. The Plan, Budget and this grant award letter agreement, including Attachments A and B, are collectively referred to as the "Grant Agreement." If the terms of the Plan differ from the terms of this Grant Agreement, this Grant Agreement shall control.

By signing this Grant Agreement, PLOS agrees to the following terms in connection with the Foundation's grant:

1. Schedule of Grant Payments

- (a) Funding Years 1 and 2: Grant funds for Years 1 and 2 of this grant will be disbursed as follows:
- (i) Initial payment of \$1,650,000, to be paid approximately two weeks following our receipt of a fully-executed copy of this Grant Agreement;
 - (ii) Second Payment of \$1,650,000, anticipated on or about June 1, 2003;
 - (iii) Third Payment of \$1,700,000, anticipated on or about December 1, 2003; and
 - (iv) Fourth Payment of \$1,700,000, anticipated on or about June 1, 2004.
 - (v) The Foundation's funding of payments during these first two years is contingent upon the following: (A) the Foundation is given a reasonable opportunity to review of PLoS's work in connection with this grant and determines that satisfactory progress toward achieving the milestones in Attachment B is being made and is reasonably likely to continue; (B) Pat Brown and Mike Eisen and any other key PLoS staff continue their active involvement in the management of PLoS; (C) there has been no material change in the prospects for the PLoS venture as anticipated in the Plan; (D) PLoS has complied with all terms and conditions of this Grant Agreement; and (E) the development, form and quality of the first three issues of *PLoS Biology* meet with the Foundation's reasonable approval. Grant funding may be curtailed or discontinued if at any time milestones and/or outcomes are not met or PLoS is not otherwise in compliance with this Grant Agreement.
 - (vi) If PLoS does not require the level of grant funding anticipated during the first two years in the Foundation's reasonable discretion, the Foundation reserves the right to adjust or reduce the anticipated payments.

- (b) Funding Years 3 to 5: Subject to the conditions of Paragraph 3(d) of this Grant Agreement, grant funds for Years 3 through 5 of this grant will be disbursed semi-annually as follows:
- (i) Year 3 -- \$1,500,000 (in two payments on or about Dec. 1, 2004 and June 1, 2005)
 - (ii) Year 4 -- \$780,000 (in two payments on or about Dec. 1, 2005 and June 1, 2006)
 - (iii) Year 5 -- \$20,000 (single payment on or about Dec. 1, 2007)
 - (iv) The Foundation's funding of payments during Years 3 to 5 is contingent upon the following: (A) PLoS has met the milestones set forth in Attachment B; (B) the Foundation is given a reasonable opportunity to review PLoS's work and accounting records in connection with this grant and determine that satisfactory progress and performance of the expected outcomes has occurred and is reasonably likely to continue; (C) Pat Brown and Mike Eisen and any other key PLoS staff continue their active involvement in the management of PLoS; (D) there has been no material change in the prospects for the PLoS venture as anticipated in the Plan; (E) the Foundation is reasonably satisfied that PLoS is and will continue to be a viable on-going concern; and (F) PLoS has complied with all terms and conditions of this Grant Agreement. Grant funding may be curtailed or discontinued if at any time milestones and/or outcomes are not met or PLoS is not otherwise in compliance with this Grant Agreement.
 - (v) The Foundation has tapered its funding support for PLoS beginning in Year 3 to reflect the parties' intent that PLoS find additional funding sources to support the PLoS venture. In addition, the Foundation reserves the right to adjust funding levels in Years 3 to 5 if the PLoS venture is generating sufficient revenue to cover its expenses.

- (c) PLoS will use the grant solely for the purpose of the specific grant described above in accordance with the Grant Agreement. PLoS will repay to the Foundation any portion of the amount granted that is not used for those purposes. Any change in the purposes for which grant funds are spent must be approved in writing by the Foundation before implementation. PLoS understands that this grant is not a “gift” and understands and agrees that funds are being granted to PLoS to pursue the purposes and outcomes outlined in the Grant Agreement.
2. **Schedule of Written Grant Reports:** PLoS agrees to deliver detailed narrative reports and financial reports to the Foundation (collectively “Grant Report”), by electronic mail where possible, as follows:
- (a) Quarterly Reports: PLoS will provide financial reports to the Foundation on a quarterly basis starting on March 1, 2003 that reflects the actual expenditures of the grant funds, and any income earned thereon, in accordance with the Budget, as of the end of the reporting period.
 - (b) Semi-Annual Reports:
 - (i) PLoS will provide the Foundation with a narrative report, to be provided on a semi-annual basis starting on June 1, 2003, and should describe what was accomplished by this grant as of the date of the Grant Report, outlining the activities that were undertaken by PLoS, the strategic choices that were made as a result of the grant, and progress toward achieving the outcomes described in Attachment B.
 - (ii) In addition to the quarterly financial reports described above, PLoS will provide to the Foundation on a semi-annual basis, a reconciliation of the actual amount expended compared to the Budget, and any anticipated revisions to the Budget.
 - (c) If the Grant Reports, or any part thereof, are deemed inadequate in the Foundation’s reasonable judgment, the Foundation may require additional supporting documentation or revisions to the Grant Reports prior to release of the next scheduled payment. If any funds are remaining to be expended after the reporting period, PLoS will submit one or more additional Grant Reports until all

grant funds are expended in full or the grant is otherwise terminated.

3. **Schedule of Meetings**

- (a) The parties agree to convene a “kick off” meeting within 30 days after the Foundation’s receipt of a fully-executed Grant Agreement.
 - (b) The parties agree to meet at least quarterly to discuss the key operational and financial milestones, including staffing of PLoS, the publications’ pipeline, technology development and implementation, marketing plans and funding prospects, and expenditures. The first quarterly meeting is anticipated to be on or about March 1, 2003.
 - (c) The Foundation and PLoS each may request additional meetings to discuss project status at mutually convenient times between the quarterly meetings.
 - (d) On or before December 31, 2004, the Foundation will commence its formal Year 2 review of the progress of PLoS. Should the Foundation determine, through its Year 2 review, that a significant deviation of the grant’s purposes, goals, and expected outcomes, not mutually agreed upon, has taken place, or that PLoS is not or will not be a viable on-going concern, the Foundation may elect to discontinue or reduce funding of this grant. The Foundation will endeavor to provide PLoS with 30 days written notice prior to discontinuing or materially reducing funding in order to discuss the issues with PLoS and provide PLoS with an opportunity to correct the problems identified by the Foundation during this 30 day period. Reasonable efforts will be made by the parties to reach a mutually-agreeable resolution, but the determination to continue, reduce or discontinue funding after the Year 2 review will remain in the Foundation’s sole discretion.
4. PLoS will maintain its financial books and records in such a fashion that it can provide the Foundation with sufficient detail to substantiate all expenditures related to the Grant. PLoS will make such books and records available to the Foundation at reasonable times. PLoS will keep copies of all books and records and all reports to the Foundation for at least three years after completion of the use of grant funds.

5. With respect to the identification, selection, organization, management and control of any consultants, contractors, subgrantees or other entities (“Entities”) to assist (either individually or collectively) in carrying out the purpose of the grant, PLoS retains full discretion and control over these Entities, acting completely independently of the Foundation. There is no agreement, written or oral, by which the Foundation may cause PLoS to choose or otherwise manage any of these Entities.
6. This grant is not to be used in any attempt to influence legislation within the meaning of Section 4945(e) of the Internal Revenue Code. PLoS will not use any portion of the funds granted herein to influence the outcome of any specific election for candidates to public office, to carry on any voter registration drive except as provided in Section 4945(f) of Internal Revenue Code, to induce or encourage violations of law or public policy, to cause any private inurement or improper private benefit to occur, or to take any other action inconsistent with Section 501(c)(3) of the Internal Revenue Code.
7. The Foundation may include basic information about this grant in its periodic public reports, including on its website, once the Foundation receives a fully-executed Grant Agreement. Information may be posted on the Foundation’s website as early as 15 days following the date of receipt of the fully-executed Grant Agreement, unless the parties make alternative arrangements. In addition, either party may refer to the grant in a press release that has been approved in advance by the Foundation. PLoS agrees to notify the Foundation in advance of the release of any major marketing materials, or any other communication that may reasonably be understood to represent the view of the Foundation, and provide the Foundation will a reasonable opportunity for comment. Please contact the Foundation’s Communication Manager, Janette Gitler, in advance of such publicity.
8. PLoS acknowledges and agrees that, in addition to research that will aid the Foundation in its evaluation of the success of the project being funded, the Foundation will collect information about this grant, PLoS, and the issues relating to and being addressed by this grant through its Research and Communications Teams. In that connection, the Foundation may film, interview, and otherwise document what is being learned through the project being funded by this grant. PLoS agrees to cooperate with the Foundation in these efforts. All video, audio, written, and other materials produced by the Foundation in this connection

(collectively the “Works”), including any and all copyrights in the Works, will be the sole property of the Foundation and may be made available by the Foundation to third parties in the Foundation’s sole discretion. In addition, the Foundation intends to share with third parties much of the materials produced in this connection, but may impose reasonable limitations upon its use, including registering and enforcing copyrights in the Works and licensing use of the Works to PLoS and others, all in the Foundation’s discretion. PLoS agrees to deliver to the Foundation a copy of all products and publications produced with the assistance of the grant funds should be provided to the Foundation.

9. The parties understand and agree that the entire right, title and interest to PLoS publications, publishing software, reports, systems and the like (“PLoS Works”) shall be and hereby are vested in PLoS. The parties understand that a material condition of this Grant Agreement is that PLoS make its publications of scientific and medical research reports freely accessible to the public. In addition, PLoS expressly agrees that it will share the software and other technology that it develops or customizes to enable PLoS to make the publications freely accessible to the public with the Foundation and other grantees of the Foundation to use in other fields of science, subject to any existing licensing agreements. All of the rights, duties and obligations of PLoS under this Paragraph of the Grant Agreement will extend beyond the term of this grant and will apply to any successor in interest of PLoS to ensure that the publications, software and technology will remain freely accessible to the public in the future.
10. The parties acknowledge that is grant to PLoS is considered an “unusual grant” pursuant to IRS Regulations Section 1.05(a-3)(c-3)(iii). PLoS agrees to regularly consult with its legal counsel on matters concerning PLoS’s public charity status and intellectual property issues.
11. The parties agree that the Foundation may elect to have a representative of the Foundation serve on the PLoS Board in an advisory capacity only.
12. By entering into this Grant Agreement, PLoS confirms that its 501(c)(3) determination letter from the Internal Revenue Service has not been revoked or modified, and agrees to maintain this status during the term of the grant. PLoS will notify the Foundation immediately of any change in (a) PLoS’s tax-exempt status or its nonprivate foundation status, (b) PLoS’s executive or key staff (including Pat Brown and Mike Eisen), other Entities responsible for achieving the grant purposes, or the

Editorial Advisory Board; or (c) significant changes in the Plan or financial projections.

13. This Grant Agreement supersedes any prior oral or written understandings or communications between the parties and constitutes the entire agreement of the parties with respect to the subject matter. This Grant Agreement may not be amended or modified, except in writing signed by both parties. This Grant Agreement is governed by the laws of the State of California.

If this Grant Agreement correctly sets forth your understanding of the terms of this grant, please indicate your organization's agreement to its terms by having an authorized officer of PLoS sign a copy of this letter and return it to the Foundation to the attention of Grants Administration, by electronic mail if possible. To facilitate your receipt of the funds, please complete the attached Request for Wire Transfer form and return it with your signed Grant Agreement.

Congratulations on your grant. On behalf of the Foundation, we wish to extend every good wish for the success of the PLoS venture.

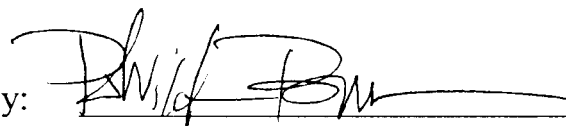
Best regards,


Lew Coleman
President

Attachment A: Budget
Attachment B: Outcomes

Enclosure (Request for Wire Transfer Form)

AGREED AND ACCEPTED for Public Library of Science:

By: 

Title: Secretary, Public Library of Science

Date: December 5, 2002

ATTACHMENT A
PLoS BUDGET
Summary

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Top-tier journals								
Submitted articles	250	1000	1667	2778	4630	7716	12860	21434
Published articles	50	200	333	556	926	1543	2572	4287
Expenses for publishing (per article)	\$15,000	\$60,000	\$66,667	\$111,112	\$185,186	\$308,644	\$514,408	\$857,349
FTEs	7	8	8	14	15	27	41	61
Salaries	\$838,125	\$861,750	\$882,750	\$1,316,000	\$1,374,334	\$2,268,058	\$3,226,597	\$4,691,412
Revenues	\$68,000	\$272,000	\$453,334	\$755,559	\$1,259,267	\$2,098,782	\$3,497,977	\$5,829,974
Second-tier journals								
Submitted articles	0	0	3125	5469	9570	16748	29309	31250
Published articles	0	0	2500	4375	7656	13398	23447	25000
Expenses for publishing (per article)	\$0	\$0	\$500,000	\$875,000	\$1,531,250	\$2,679,688	\$4,689,453	\$5,000,000
FTEs	0	0	14	19	35	57	99	107
Salaries	\$0	\$216,000	\$1,159,313	\$1,380,797	\$2,416,395	\$3,742,690	\$6,225,708	\$6,733,125
Revenues	\$0	\$0	\$2,400,000	\$4,200,000	\$7,350,000	\$10,718,750	\$16,882,031	\$18,000,000
Journal Totals								
Published Articles	50	200	2833	4931	8582	14942	26019	29287
Journal (Per article) Publishing Expenses	\$15,000	\$60,000	\$566,667	\$986,112	\$1,716,436	\$2,988,332	\$5,203,862	\$5,857,349
Journal FTEs	7	8	22	33	50	85	139	168
Published Articles per FTE	7	26	127	150	171	177	187	175
Journal Salaries	\$838,125	\$1,077,750	\$2,042,063	\$2,696,797	\$3,790,729	\$6,010,748	\$9,452,305	\$11,424,537
Journal Revenues	\$68,000	\$272,000	\$2,853,334	\$4,955,559	\$8,609,267	\$12,817,532	\$20,380,009	\$23,829,974
Fixed Publishing Costs								
Fixed Publishing Costs	\$450,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Additional Personnel Costs	\$1,019,250	\$1,309,500	\$1,410,750	\$1,633,500	\$1,633,500	\$1,633,500	\$1,633,500	\$1,633,500
Outside Services	\$525,000	\$555,000	\$600,000	\$625,000	\$650,000	\$675,000	\$700,000	\$700,000
Office Expenses	\$335,000	\$295,000	\$380,000	\$430,000	\$470,000	\$470,000	\$470,000	\$470,000
Plant	\$150,000	\$125,000	\$125,000	\$150,000	\$175,000	\$175,000	\$175,000	\$175,000
Total Additional Expenses	\$2,479,250	\$2,484,500	\$2,715,750	\$3,038,500	\$3,128,500	\$3,153,500	\$3,178,500	\$3,178,500
TOTAL REVENUES								
TOTAL REVENUES	\$68,000	\$272,000	\$2,853,334	\$4,955,559	\$8,609,267	\$12,817,532	\$20,380,009	\$23,829,974
TOTAL EXPENSES								
TOTAL EXPENSES	\$3,332,375	\$3,622,250	\$5,324,479	\$6,721,409	\$8,635,665	\$12,152,580	\$17,834,666	\$20,460,387
PROFIT/LOSS								
PROFIT/LOSS	(\$3,264,375)	(\$3,350,250)	(\$2,471,145)	(\$1,765,850)	(\$26,398)	\$664,952	\$2,545,342	\$3,369,587
TOTAL PROFIT/LOSS								
TOTAL PROFIT/LOSS	(\$3,264,375)	(\$6,614,625)	(\$9,085,770)	(\$10,851,620)	(\$10,878,019)	(\$10,213,066)	(\$7,667,724)	(\$4,298,137)
Break-even charges								
Allocation of expenses to top-tier	0.4							
Break-even charges top-tier		\$11,972	\$7,634	\$5,946	\$3,795	\$3,109	\$2,436	\$1,989
Break-even charges second-tier		#DIV/0!	\$1,644	\$1,165	\$951	\$776	\$684	\$682

Model Assumptions

	Constant	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
TOTAL REVENUES		\$68,000	\$272,000	\$2,853,334	\$4,955,559	\$8,609,267	\$12,817,532	\$20,380,009	\$23,829,974
TOTAL EXPENSES		\$3,332,375	\$3,622,250	\$5,324,479	\$6,721,409	\$8,635,665	\$12,152,580	\$17,834,666	\$20,460,387
PROFIT/LOSS		(\$3,264,375)	(\$3,350,250)	(\$2,471,145)	(\$1,765,850)	(\$26,398)	\$664,952	\$2,545,342	\$3,369,587
TOTAL PROFIT/LOSS		(\$3,264,375)	(\$6,614,625)	(\$9,085,770)	(\$10,851,620)	(\$10,878,019)	(\$10,213,066)	(\$7,667,724)	(\$4,298,137)
INFLATION ADJUSTED PROFIT/LOSS		(\$3,264,375)	(\$3,434,006)	(\$2,596,247)	(\$1,901,628)	(\$28,139)	\$752,333	\$2,951,817	\$4,005,381
INFLATION ADJUSTED TOTAL PROFIT/LOSS		(\$3,264,375)	(\$6,698,381)	(\$9,294,628)	(\$11,106,256)	(\$11,225,394)	(\$10,473,062)	(\$7,521,245)	(\$3,515,965)
Top-tier Journals									
Senior Editors	2								
Max published MS per team	500								
Manging editors	1								
Associate editors	3								
Administrative assistant	1								
Published manuscripts per copy-editor	300								
Published articles year 1	50								
Growth rate	1.66667								
Maximum published articles	5000								
Acceptance rate	0.2								
Max submitted manuscripts handled per editor per day	2.5								
Max published manuscripts handled per editor per day	0.5								
Costs per submitted article		0	0	0	0	0	0	0	0
Costs per published article		300	300	200	200	200	200	200	200
Charges per submitted article		0	0	0	0	0	0	0	0
Charges per published article		1700	1700	1700	1700	1700	1700	1700	1700
Fraction of non-paying authors	0.2								
Second-tier Journals									
Senior Editors	1								
Max published MS per team	2400								
Manging editors	1								
Associate editors	2								
Administrative assistant	1								
Published manuscripts per copy-editor	400								
Published articles		0	0	2500					
Growth rate	1.75								
Maximum published articles	25000								
Acceptance rate	0.8								
Max submitted manuscripts handled per editor per day	4								
Max published manuscripts handled per editor per day	3.2								
Costs per submitted article		0	0	0	0	0	0	0	0
Costs per published article		300	300	200	200	200	200	200	200
Charges per submitted article		0	0	0	0	0	0	0	0
Charges per published article				1200	1200	1200	1000	900	900
Fraction of non-paying authors	0.2								
Misc									
Inflation	0.025								

Personnel Costs

	Salary	Loaded
Senior Editor	\$160,000	\$216,000
Managing Editor	\$85,000	\$114,750
Associate Editor	\$55,000	\$74,250
Copy Editor	\$35,000	\$47,250
Administrative Assistant	\$45,000	\$60,750
Publisher/CFO	\$160,000	\$216,000
Head of Marketing and Business Development	\$125,000	\$168,750
Marketing/Sales Associate	\$75,000	\$101,250
Head of IT	\$125,000	\$168,750
Web Designer	\$75,000	\$101,250
Software Devpt/Program Mgr	\$100,000	\$135,000
IT Support	\$60,000	\$81,000
Head of Finance, Legal, and Administration	\$125,000	\$168,750
Accountant	\$80,000	\$108,000
Human Resources	\$80,000	\$108,000
Writer/Reporter	\$40,000	\$54,000

Top-tier Journals

Publishing Statistics	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Submitted manuscripts	250	1000	1667	2778	4630	7716	12860	21434
Published manuscripts	50	200	333	556	926	1543	2572	4287
Publishing Teams	1	1	1	2	2	4	6	9
Editorial Staff								
Senior Editors	2	2	2	2	2	2	2	2
Managing Editors	1	1	1	2	2	4	6	9
Associate Editors	3	3	3	6	6	12	18	27
Copy Editors	0	1	1	2	3	5	9	14
Administrative Assistant	1	1	1	2	2	4	6	9
FTEs	7	8	8	14	15	27	41	61
Outsourcing charges for submitted articles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outsourcing charges for submitted articles	\$15,000	\$60,000	\$66,667	\$111,112	\$185,186	\$308,644	\$514,408	\$857,349
Per-article publishing costs	\$15,000	\$60,000	\$66,667	\$111,112	\$185,186	\$308,644	\$514,408	\$857,349
Salaries								
Senior Editors	\$432,000	\$432,000	\$432,000	\$432,000	\$432,000	\$432,000	\$432,000	\$432,000
Managing Editors	\$114,750	\$114,750	\$114,750	\$229,500	\$229,500	\$459,000	\$688,500	\$1,032,750
Associate Editors	\$222,750	\$222,750	\$222,750	\$445,500	\$445,500	\$891,000	\$1,336,500	\$2,004,750
Copy Editors	\$7,875	\$31,500	\$52,500	\$87,500	\$145,834	\$243,058	\$405,097	\$675,162
Administrative Assistants	\$60,750	\$60,750	\$60,750	\$121,500	\$121,500	\$243,000	\$364,500	\$546,750
Total Salaries	\$838,125	\$861,750	\$882,750	\$1,316,000	\$1,374,334	\$2,268,058	\$3,226,597	\$4,691,412
Publishing Expenses	\$853,125	\$921,750	\$949,417	\$1,427,112	\$1,559,521	\$2,576,702	\$3,741,005	\$5,548,762
Publishing Expenses per published article	\$17,063	\$4,609	\$2,848	\$2,569	\$1,684	\$1,670	\$1,454	\$1,294
Revenue								
Revenues for submitted articles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenues for published articles	\$68,000	\$272,000	\$453,334	\$755,559	\$1,259,267	\$2,098,782	\$3,497,977	\$5,829,974
Total Revenues	\$68,000	\$272,000	\$453,334	\$755,559	\$1,259,267	\$2,098,782	\$3,497,977	\$5,829,974

Second-tier Journals

Publishing Statistics	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Submitted manuscripts	0	0	3125	5469	9570	16748	29309	31250
Published manuscripts	0	0	2500	4375	7656	13398	23447	25000
Publishing Teams	0	0	2	2	4	6	10	11
Editorial Staff								
Senior Editors	0	1	1	1	1	1	1	1
Managing Editors	0	0	2	2	4	6	10	11
Associate Editors	0	0	4	4	8	12	20	22
Copy Editors	0	0	6	11	19	33	59	63
Administrative Assistant	0	0	2	2	4	6	10	11
FTEs	0	0	14	19	35	57	99	107
Outsourcing charges for submitted articles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outsourcing charges for submitted articles	\$0	\$0	\$500,000	\$875,000	\$1,531,250	\$2,679,688	\$4,689,453	\$5,000,000
Per-article publishing costs	\$0	\$0	\$500,000	\$875,000	\$1,531,250	\$2,679,688	\$4,689,453	\$5,000,000
Salaries								
Senior Editors	\$0	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000
Managing Editors	\$0	\$0	\$229,500	\$229,500	\$459,000	\$688,500	\$1,147,500	\$1,262,250
Associate Editors	\$0	\$0	\$297,000	\$297,000	\$594,000	\$891,000	\$1,485,000	\$1,633,500
Copy Editors	\$0	\$0	\$295,313	\$516,797	\$904,395	\$1,582,690	\$2,769,708	\$2,953,125
Administrative Assistants	\$0	\$0	\$121,500	\$121,500	\$243,000	\$364,500	\$607,500	\$668,250
Total Salaries	\$0	\$216,000	\$1,159,313	\$1,380,797	\$2,416,395	\$3,742,690	\$6,225,708	\$6,733,125
Publishing Expenses	\$0	\$216,000	\$1,659,313	\$2,255,797	\$3,947,645	\$6,422,378	\$10,915,161	\$11,733,125
Publishing expenses per published article	\$0	#DIV/0!	\$664	\$516	\$516	\$479	\$466	\$469
Revenue								
Charges for submitted articles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Charges for published articles	\$0	\$0	\$2,400,000	\$4,200,000	\$7,350,000	\$10,718,750	\$16,882,031	\$18,000,000
Total Revenues	\$0	\$0	\$2,400,000	\$4,200,000	\$7,350,000	\$10,718,750	\$16,882,031	\$18,000,000

Other Expenses

OTHER EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Publishing								
Publishing Outsource - Setup	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Publishing Outsource - Fixed Volume Costs (storage, etc...)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
TOTAL: Fixed Publishing Costs	\$450,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Non-editorial Personnel								
Publisher/CFO	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000
Head of Marketing and Business Development	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750
Marketing/Sales Associate	\$0	\$101,250	\$101,250	\$101,250	\$101,250	\$101,250	\$101,250	\$101,250
Head of IT	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750
Web Designer	\$101,250	\$101,250	\$202,500	\$202,500	\$202,500	\$202,500	\$202,500	\$202,500
Software Devpt/Program Mgr	\$0	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
IT Support	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000
Head of Finance, Legal, and Administration	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750
Accountant	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000
Human Resources	\$108,000	\$108,000	\$108,000	\$216,000	\$216,000	\$216,000	\$216,000	\$216,000
Writer/Reporter	\$54,000	\$108,000	\$108,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000
Additional Administrative Assistant	\$60,750	\$60,750	\$60,750	\$121,500	\$121,500	\$121,500	\$121,500	\$121,500
TOTAL: Additional Personnel	\$1,019,250	\$1,309,500	\$1,410,750	\$1,633,500	\$1,633,500	\$1,633,500	\$1,633,500	\$1,633,500
Outside Services								
Legal	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Business Consultants	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Marketing/Advertising	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Graphic Design	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Web Hosting	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Accounting	\$25,000	\$30,000	\$50,000	\$50,000	\$50,000	\$75,000	\$100,000	\$100,000
SW Development	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000	\$150,000	\$150,000	\$150,000
Recruiting	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Misc	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL: Outside Services	\$525,000	\$555,000	\$600,000	\$625,000	\$650,000	\$675,000	\$700,000	\$700,000
Office Expenses								
Travel	\$150,000	\$100,000	\$100,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Lease	\$75,000	\$75,000	\$100,000	\$100,000	\$125,000	\$125,000	\$125,000	\$125,000
Office Supplies/Mail	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Phone	\$5,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Utilities	\$10,000	\$15,000	\$15,000	\$15,000	\$20,000	\$20,000	\$20,000	\$20,000
Insurance	\$20,000	\$20,000	\$30,000	\$30,000	\$40,000	\$40,000	\$40,000	\$40,000
Software	\$50,000	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Misc	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL: Office Expenses	\$335,000	\$295,000	\$380,000	\$430,000	\$470,000	\$470,000	\$470,000	\$470,000
Plant								
Computer/Networking Hardware	\$25,000	\$50,000	\$75,000	\$100,000	\$125,000	\$125,000	\$125,000	\$125,000
Communications/Telephone	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Office Furniture/Equipment	\$100,000	\$50,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Misc	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL: Plant	\$150,000	\$125,000	\$125,000	\$150,000	\$175,000	\$175,000	\$175,000	\$175,000

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Salary	Loaded
1	1	1	1	1	1	1	1	1	\$160,000
1	1	1	1	1	1	1	1	1	\$125,000
0	1	1	1	1	1	1	1	1	\$75,000
1	1	1	1	1	1	1	1	1	\$125,000
1	1	2	2	2	2	2	2	2	\$75,000
0	1	1	1	1	1	1	1	1	\$100,000
1	1	1	1	1	1	1	1	1	\$60,000
1	1	1	1	1	1	1	1	1	\$125,000
1	1	1	1	1	1	1	1	1	\$80,000
1	1	1	2	2	2	2	2	2	\$80,000
1	2	2	3	3	3	3	3	3	\$40,000
1	1	1	2	2	2	2	2	2	\$45,000

ATTACHMENT B

GRANT OUTCOMES/MILESTONES

The overall outcome for this grant is improving the access of scientists and the public to scientific and medical research by increasing the quantity of high-quality research that is freely accessible to the public. Specific required milestones for PLoS are as follows:

- With 12 months of Initial Grant Payment:
 - Hire all key personnel, including an editorial team with significant prior publishing experience
 - Recruit editorial boards for PLoS Biology and PLoS Medicine comparable in stature to other top tier journals including *Nature*, *Science* and *Cell*.
 - Establish website capable of handling submission, review and publishing of articles
 - Receive 100 high quality manuscript submissions worthy of consideration by other top tier journals
 - Publish first issue of PLoS Biology with at least 15 top-tier articles
 - Demonstrate good financial management by using sound accounting procedures and recordkeeping; managing within the Budget or being able to articulate strategic reasons for variances; reporting results on a timely basis; and providing access to relevant information upon request.
- Within 24 months of Initial Grant Payment:
 - Successful publication of PLoS Biology on a monthly basis, including publication of 200 top-tier articles
 - Successful launch of PLoS Medicine, with at least 50 top-tier articles published
 - At least 1000 submitted manuscripts successfully processed
 - Quality of submitted work stable to increasing
 - Rate of manuscript submissions increasing quarterly
 - Readership (website traffic) increasing quarterly
 - Second tier journals established and accepting submissions
 - Revenue and expenses as compared to the Budget
 - Timeframe to self-sustainability same or shorter than originally projected

At the end of Year 2, the Foundation will conduct a formal review of PLoS's progress. Future funding is contingent upon these milestones being met and the other conditions set forth in the Grant Agreement.